

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6995

BILL NUMBER: HB 1237

NOTE PREPARED: Jan 27, 2012

BILL AMENDED: Jan 27, 2012

SUBJECT: Home Improvement Contracts.

FIRST AUTHOR: Rep. VanNatter

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

- (1) Amends the statute governing home improvement contracts to specify that "home improvement" includes work performed on a roof system and define "insured consumer".
- (2) Provides that, with respect to a home improvement that is or may be covered certain insurance policies, a home improvement supplier must furnish information concerning cancellation of the contract to the insured consumer and have a presence in Indiana or a previous business relationship.
- (3) Prohibits certain activities by a home improvement supplier intended to induce a person to enter into a home improvement contract or otherwise purchase goods or services from the home improvement supplier.
- (4) Provides for cancellation of a home improvement contract by an insured consumer and resolution of financial obligations of and to the home improvement supplier.

Effective Date: July 1, 2012.

Explanation of State Expenditures: A violation for any of the requirements contained in the bill would be considered a deceptive act which is actionable by either the Attorney General or the consumer. To the extent the Attorney General seeks action against companies found in violation of the bill's requirements, the workload of the Attorney General will increase. Actual increases in workload are indeterminable.

Explanation of State Revenues: By increasing the number of deceptive acts, this bill may increase revenue to the General Fund from civil penalties. Under current law, the violation for a deceptive act is punishable with a civil penalty of \$500 per violation (IC 24-5-0.5-8). Knowingly committing a deceptive act is punishable with

a civil penalty of \$5,000 per violation [IC 24-5-0.5-4 *version b (g)*]. Actual increases in revenue are indeterminable.

Court Fee Revenue: Under current law, if a consumer brings civil against a company that commits a deceptive act, civil court fees can be awarded to the plaintiff. To the extent a consumer brings action against a company that commits a deceptive act, state revenue from civil court fees will increase.

If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$5), judicial salaries fee (\$19), public defense administration fee (\$5), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

State Agencies Affected: Attorney General.

Local Agencies Affected: Trial courts, city and town courts.

Information Sources:

Fiscal Analyst: Bill Brumbach, 232-9559.